

Opening Statement of the Honorable Joseph R. Pitts
Subcommittee on Health
Hearing on “Protecting Affordable Coverage for Employees”
September 9, 2015

(As Prepared for Delivery)

Today’s legislative hearing will consider a bipartisan bill authored by distinguished Members of this Subcommittee: Vice Chairman Guthrie (KY), and Mr. Cardenas (CA), along with Reps. Mullin (OK) and Sinema (AZ).

H.R. 1624 is a bill to amend the Patient Protection and Affordable Care Act (ACA) and the Public Health Service Act to revise the definition of small employer. This bill would allow the states to continue defining the small group health insurance market as employers with 1-50 employees.

Section 1304 of the Patient Protection and Affordable Care Act (PPACA) changed the federal definition of the small group market to include employers with 1-100 employees. The states, however, have been allowed to continue defining the small group market as employers with 1-50 employees until January 1, 2016.

So, beginning on or after January 1, 2016, plans sold or renewed for employers with 51-100 employees will be subject to the various small group health plan regulations established by the PPACA. These more restrictive rating rules will increase health insurance premiums for these employers and reduce flexibility in benefit design.

The new requirements could also lead some employers with 51-100 employees to self-insure to avoid higher premiums. If that happens, this could result in adverse selection in the small group pool and higher premiums for employers with 1-50 employees.

Unless this current law is reversed, the disruption in the marketplace will be significant. For example, it is estimated that under current law, more than 3 million employees will experience a double-digit percent increase in their health care premiums. Ultimately, cost increases for small employers will change their choices regarding offering coverage, could change their business model, and will ultimately be felt by millions of workers.

Because the impact of current law will vary by state, defining the small group market should be left to the states—which is a policy envisioned in H.R. 1624.

I am pleased to say there is considerable support for this legislation in the House and the Senate.

The flexibility that would be given to states with immediate passage of H.R. 1624 would help ensure stable small group health insurance markets that reflect the unique characteristics in each of the states. If Congress passes H.R. 1624, premiums will be lower and millions of employees and employers by letting them keep the plan they have and like. This is a common-sense policy that deserves our bipartisan support.

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